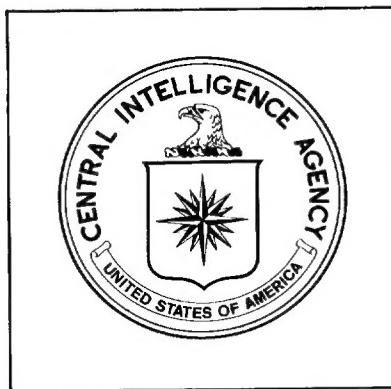


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CHINESE AFFAIRS

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Malaysian Strains

One year after the establishment of diplomatic ties, some of the bloom is off the rose in Sino-Malaysian relations.

In addition to the well-known Malaysian unhappiness with Peking's recent expression of support to the Malayan communists, there are signs that other relatively minor bilateral problems may be on the horizon. Neither side has yet suggested, however, that it considers these problems sufficiently important to jeopardize overall relations with the other country.

Malaysian leaders almost certainly recognized at the time diplomatic relations were opened last summer that Peking would not soon abandon propaganda support of the Malaysian communists. Prime Minister Razak, however, had enthusiastically referred to Peking's commitment--made in the communique announcing relations--not to attempt to impose its social system on any other country. Razak knew that fear of possible Chinese subversion was the major obstacle to opening ties, and he was anxious to show that progress had been made on that score. As a result, he implied after his return from Peking that the trip signaled the end of Chinese support to the communist rebels.

The Chinese Communist Party's late April message of greetings to the Malayan communists--and especially its expression of support for "armed revolution"--hit a raw nerve in Kuala Lumpur. The Chinese had been silent on the issue for more than a year, but Malaysian leaders almost certainly were concerned that the Chinese message would suggest to some that nothing had changed, despite recognition. This concern was probably compounded by

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the recent overthrow of non-communist governments in South Vietnam and Cambodia, and the slight increase in terrorist activities in Malaysia itself.

Kuala Lumpur's strong protest and demands for an explanation from the Chinese have not got them far. Although the Chinese ambassador in Kuala Lumpur was apparently personally distressed at the strength of the April message, his formal response to Malaysian protests was merely to express his government's opinion that the affair did not constitute a violation of Malaysia's sovereignty. No formal apology has been extended.

This incident together with increased contact between China's diplomats in Kuala Lumpur and the local Chinese communique have apparently convinced the Malaysians that a slap on the wrist is in order. Malaysia has decided to cancel the tour of a Chinese acrobatic troupe and postpone the visit of a trade delegation which was under discussion. There is no evidence that the Malaysians expect any significant increase in Chinese support to the rebels, a development that would, of course, cause a much stronger Malaysian reaction.

The Chinese seem to be persuaded that their interests would not be served by stepping up their involvement with the Malaysian communists. In fact, [redacted]

[redacted] said recently that there was "no question" about supplying the rebels with arms or ammunition, despite his view that the situation in Malaysia was becoming less stable.

[redacted] suggested that Peking was unhappy with Kuala Lumpur's "Malayanization" program by claiming that Malaysia's leaders had broken an agreement, made at the time of independence, that allowed ethnic Chinese to "run the economy." [redacted]

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Malays were now moving into trade and commerce and were beginning to ease out the ethnic Chinese. [REDACTED]

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[REDACTED] added that this was a long-term problem and that Peking must for the time being recognize the government and cooperate with it.

In their bilateral trade relations, both sides appear to be less than completely satisfied with developments since recognition. The Malaysian rubber delegation that recently visited Peking got less than an enthusiastic response to its request for increased Chinese rubber imports. Moreover, the outlook for increased Chinese imports is dim because of increased domestic production and the possibility of imports from other countries. There also appears to be some Chinese resistance to Kuala Lumpur's attempts to cut out Singapore middlemen from the Sino-Malaysian trade.

Despite these problems, both sides seem genuinely interested in limiting the damage that these relatively minor conflicts might have on their developing relationship. The Malaysians recognize that their patience will probably be rewarded in the long run with gradually increased Sino-Malaysian trade, and the Chinese seem to be anxious to play down activities that might jeopardize their improving position in Malaysia. (SECRET NO FOREIGN DISSEM/NO DISSEM ABROAD/BACKGROUND USE ONLY/CONTROLLED DISSEM)

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Harsh Reaction to Gandhi Moves

Peking has sharply criticized Prime Minister Gandhi's recent actions, leveling the harshest personal attack against her in some time and linking her moves to Soviet machinations in Delhi.

In a signed article in *People's Daily* on June 29, prominent foreign policy commentator Jen Ku-ping charged that:

- The "sanctimonious" Gandhi government abandoned the pretenses of democracy and adopted repressive measures to enable the Prime Minister to remain in office against the popular will.
- The Gandhi government has protected the interests of the Indian landed and capitalist classes and pursued reactionary domestic and foreign policies.
- Mrs. Gandhi has guided India to economic ruin and famine despite her claim of Indian well-being.

NCNA carried on June 27 a relatively straightforward news account of developments leading up to a declaration of a state of emergency that made many of the same points although in less biting and sarcastic fashion and without much of the anti-Gandhi invective of Jen's commentary.

The communist-owned press in Hong Kong went further than Jen by equating the emergency decrees to Hitler's burning of the Reichstag and lumping the Gandhi government with "cliques" in South Korea and Taiwan.

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The Chinese have paid special attention to Soviet backing for Mrs. Gandhi's actions. NCNA on June 28 catalogued public expressions of Soviet support following Mrs. Gandhi's conviction for electioneering malpractices and her declaration of a state of emergency. Jen was unsparing in his criticism of the Moscow-Gandhi linkage. He charged that Mrs. Gandhi, "who has always received the support of the overlords in the Kremlin," is attempting to act as Moscow's "sub-regent" in South Asia so that the USSR can maintain its control of India and "contend" with the US for hegemony in the region.

This Chinese treatment has highlighted the two greatest obstacles in Peking's eyes to a significant improvement in Sino-Indian relations: Moscow's close ties in Delhi, particularly with the incumbent regime, and Mrs. Gandhi's continued tenure in office.

On this score, the Chinese handled with discretion Mrs. Gandhi's conviction on June 12, issuing only two low-key NCNA reports which largely summarized foreign news reports. Peking may have calculated that a heavy Chinese propaganda hand could only help her cause. The Chinese may now believe that her tactics and open Soviet support will speed her departure from office and that propaganda on these developments is in Peking's interest.

Peking has exercised some restraint, however. Treatment in China's media has not been profuse. The Chinese have not replayed any of Pakistan's sparse commentary on Mrs. Gandhi's actions and have not even hinted at the possibility of the Gandhi government using China to divert Indian attention from the emergency decree. Peking obviously does not want to provide the Indians a pretext for attributing Mrs. Gandhi's actions to a threat from China or turning to Moscow for additional military assistance.

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The Chinese also want to avoid foreclosing completely the possibility of eventually improving relations. Following the Sikkim crisis this spring --which brought to an abrupt end another promising move toward warmer ties--Foreign Minister Chiao Kuan-hua indicated that China and India were traditional friends and that improved relations were "inevitable." (CONFIDENTIAL NO FOREIGN DISSEM/BACKGROUND USE ONLY)



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Promoting Pyongyang

While continuing to stress a moderate, non-military approach to the Korean problem, Peking is showing signs that it will provide strong support for North Korea's increasing diplomatic efforts to improve its own international position at Seoul's expense. The immediate objective appears to be to gain the best possible showing for Pyongyang at the nonaligned conference in Lima later this summer and in the UN this fall.

Since President Kim Il-song's visit to Peking last April, the Chinese have tried to portray Pyongyang as the more moderate and sensible of the two Korean regimes. At the same time, the Chinese appear to have adopted a somewhat firmer position on Kim's claim to represent all of Korea. Both stands are clearly intended to show Pyongyang that it has a friend in Peking and to contrast firm Chinese support with Moscow's less committed stand on these issues.

Peking pointed up this approach in a June 24 *People's Daily* editorial marking the 25th anniversary of the beginning of the Korean war. The editorial refers to Kim's travels to Europe and Africa earlier this year, and declares that "unity, friendship and cooperation" between North Korea and other countries has been strengthened as a result. As it did last year, the editorial also claims that Pyongyang's international prestige continues to grow daily. Seoul, on the other hand, is depicted as responsible--at US instigation --for "constantly aggravating tension" on the Korean Peninsula. The point clearly is that a moderate, peace-loving Pyongyang is winning friends--and votes--all over the world.

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Chinese officials have privately emphasized the same points in recent weeks as well as their desire for stability on the Korean Peninsula. The remarks were almost certainly made to counter the speculation about Pyongyang's intentions that arose in some Asian countries after Kim's visit to Peking. The Chinese have been especially insistent that Pyongyang was not planning military moves against the South. The other main emphasis of their remarks has been that Korea is a single country whose unification is inevitable and that Koreans must decide for themselves how to achieve reunification, without foreign interference.

Peking continues to support Pyongyang's demands that US troops withdraw from South Korea, as a step toward eventual reunification. The Chinese reiterated this stand in the June 24 editorial, stating that US troops must be completely withdrawn. As in previous statements on this issue, however, no mention was made of a timetable for the withdrawal.

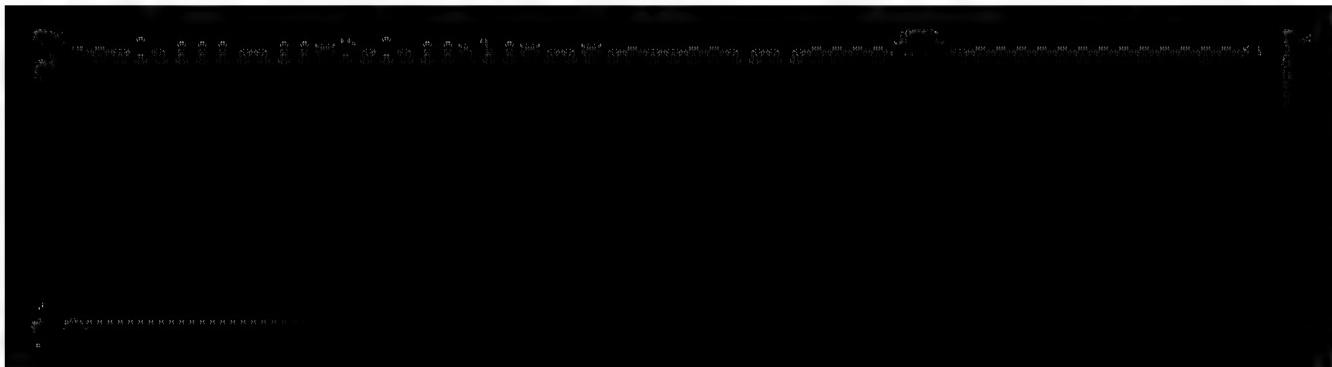
The absence of any sense of urgency on this question was also reflected in the fact that this year's editorial did not call for an end to US military aid to Seoul, as the 1974 editorial had done. This omission is especially remarkable in view of Defense Secretary Schlesinger's recent comments on the possible use of nuclear weapons in Korea, remarks that drew a strong North Korean reaction but have gone unmentioned in the Chinese press.

It is not yet clear exactly how Peking's stronger support of Pyongyang's diplomatic objectives will affect Chinese tactics at Lima and in the UN. In fact, the Chinese themselves may not yet have settled on a specific course of action. As they have during the past two UN General Assembly sessions, the Chinese will be

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walking a narrow path between their support for Pyongyang and their desire for stability on the Korean Peninsula. The fact that the Chinese have not yet commented on the US proposal to dissolve the UN Command--made public nearly two weeks ago--suggests that Peking may not wish to place itself in public opposition to this US initiative.
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China's Other Women

This is International Women's Year, and the Chinese seem to be marking the occasion by bringing more women into the limelight and giving them positions of some responsibility. At the same time, Chiang Ching, who for several years was virtually the only woman of any real importance, remains well in the background.

No current discussion of Chinese women on the political scene can ignore the sudden prominence of Li Su-wen, a 42 year old woman from Liaoning Province who has apparently moved her base of operations to the capital. At the National People's Congress (NPC) in January, Li was elected a vice chairman, a relatively unimportant position in itself but one that has kept her in the limelight ever since. She has frequently been involved in meetings with foreign visitors, and most recently led the Chinese delegation to the International Women's Conference in Mexico.

Li will very likely be awarded an important position in the Women's Federation, when that organization is re-established at the national level. A slightly ironic twist is that Li's sudden importance apparently derives from her position as NPC vice chairman, a job for which Chiang Ching reportedly was nominated; Mao subsequently vetoed the appointment.

Another woman who has received considerable publicity of late is Kang Ko-ching, the wife of Chu Te. Kang, along with the wives of Chou En-lai and Teng Hsiao-ping, has welcomed foreign visitors at Peking's guest house and was the woman selected by NCNA for an interview to mark International

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Women's Year. The NCNA release lauded Kang's contributions to the revolution, including her participation in the Long March, and noted that she has worked ceaselessly to improve the lot of Chinese women ever since. No such claims have ever been made about Chiang Ching, who has never been associated with women's causes and was a relative latecomer to the revolution.

Although Chu Te is 89, Kang is only 65, roughly the same age as Chiang Ching. She seems to stand a good chance of outlasting Madame Mao on the political scene. Kang was a vice chairman of the Women's Federation and will probably be re-elected to that post. Chiang Ching was not a member of that organization and is not likely to become one.

Because Kang's husband is Chairman of the NPC, which approximates the position of head of state, Kang is in essence China's first lady. It is in this capacity that she greets foreign visitors at the guest house even as her husband, in the absence of a head of state, accepts the credentials of foreign ambassadors. As de facto first lady, Kang, of course, rivals Chiang Ching in much the same way as did Wang Kuang-mei, the wife of former head of state Liu Shao-chi, a woman whom Madame Mao openly despised.

A third prominent woman is Wu Kuei-hsien, at one time merely a model worker. She has risen above that status to become the only woman among China's 12 vice premiers and the only other woman on the Politburo besides Chiang Ching. Wu has met with women's delegations, suggesting that she, too, will play a role in the Women's Federation. In addition, she has assumed some foreign policy functions, most recently as co-host, along with Chang Chun-chiao, of President Bongo of Gabon. Wu is in her forties and could well be on the Chinese political scene for some time.

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Although none of these women have the clout that Chiang Ching enjoyed in her heyday during the Cultural Revolution, nor do they equal her in official party status, they all seem to hold a variety of positions and appear to be in better political health today than she is. (SECRET NO FOREIGN DISSEM)



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